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GOLDEN FAITH GROUP HOLDINGS LIMITED 高豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2863)

ANNOUNCEMENT OF ANNUAL AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Golden Faith Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 September 2023, together with the comparative figures for the year ended 30 September 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
Revenue	3	671,466	348,610
Costs of sales		<u>(648,195)</u>	<u>(302,257)</u>
Gross profit		23,271	46,353
Other income	4	2,789	8,400
Other gains and losses	4	(2,054)	(8,178)
Impairment losses recognised on trade receivables and contract assets, net of reversal		(248)	344
Administrative expenses		(39,737)	(30,959)
Finance cost	5	<u>(146)</u>	<u>(130)</u>
(Loss) profit before taxation	6	(16,125)	15,830
Income tax expense	7	<u>(2,689)</u>	<u>(2,205)</u>
(Loss) profit and total comprehensive (expense) income for the year		<u><u>(18,814)</u></u>	<u><u>13,625</u></u>
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(21,574)	11,591
Non-controlling interests		<u>2,760</u>	<u>2,034</u>
		<u><u>(18,814)</u></u>	<u><u>13,625</u></u>
(Loss) earnings per share	9		
Basic (HK cents)		<u><u>(3.24)</u></u>	<u><u>1.75</u></u>
Diluted (HK cents)		<u><u>(3.24)</u></u>	<u><u>1.75</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,638	1,767
Right-of-use assets		1,975	2,411
Investment properties		2,100	50,480
Deferred tax assets		252	211
Deposits	<i>11</i>	349	331
		6,314	55,200
Current assets			
Trade receivables	<i>10</i>	88,536	105,416
Other receivables, deposits and prepayments	<i>11</i>	4,655	3,941
Contract assets	<i>12</i>	89,678	69,402
Financial assets at fair value through profit or loss ("FVTPL")		8,052	7,111
Tax recoverable		–	577
Short term bank deposits		5,000	–
Cash and cash equivalents		165,958	127,723
		361,879	314,170
Current liabilities			
Trade payables	<i>13</i>	27,676	20,230
Other payables and accrued charges	<i>14</i>	26,378	25,884
Contract liabilities	<i>12</i>	19,730	13,721
Lease liabilities		2,285	2,050
Tax liabilities		2,748	282
		78,817	62,167
Net current assets		283,062	252,003
Total assets less current liabilities		289,376	307,203

		2023	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Provisions		1,272	1,272
Rental deposits received		–	257
Lease liabilities		<u>179</u>	<u>446</u>
		<u>1,451</u>	<u>1,975</u>
Net assets		<u><u>287,925</u></u>	<u><u>305,228</u></u>
Capital and reserves			
Share capital	15	6,668	6,657
Reserves		<u>275,903</u>	<u>295,977</u>
Equity attributable to owners of the Company		282,571	302,634
Non-controlling interests		<u>5,354</u>	<u>2,594</u>
Total equity		<u><u>287,925</u></u>	<u><u>305,228</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Golden Faith Group Holdings Limited (the “**Company**”) is incorporated and registered as an exempted company in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The address of the registered office and principal place of business are stated in the “Corporate Information” section of the annual report. The parent and ultimate holding company of the Company is Greatly Success Investment Trading Limited, which is incorporated in the Republic of Seychelles.

The consolidated financial statements of the Company and its subsidiaries (the “**Group**”) are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time which are mandatorily effective for the Group’s annual period beginning on 1 October 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁴
Amendments to HKAS 1	Non-current Liabilities with Covenants ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ⁴
Amendments to HKAS 21	Lack of Exchangeability ⁵
Amendments to HKAS 12	International Tax Return – Pillar Two Model Rules ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2023 (except for HKAS 12 paragraphs 4A and 88A which are immediately effective upon issue of the amendments).

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2024.

⁵ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

Application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The Group will adopt this approach and is still in the process of assessing the impact of the LSP obligation due to the Amendment Ordinance.

3. REVENUE AND SEGMENT INFORMATION

Revenue from services

(i) *Disaggregation of revenue*

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Types of services		
– Electric and maintenance engineering services in Hong Kong	<u>671,466</u>	<u>348,610</u>
Timing of revenue recognition		
– Over time	<u>671,466</u>	<u>348,610</u>

(ii) *Performance obligations for contracts with customers*

Electric and maintenance engineering services

Under the terms of contracts, the Group’s performance creates or enhances the properties which the customers control during the course of work by the Group. Revenue from provision of electric and maintenance engineering services is therefore recognised based on the progress towards complete satisfaction of a performance obligation of contract using input method. The progress towards complete satisfaction of a performance obligation is determined as the proportion of the costs incurred for the works (i.e. direct labor costs, subcontracting costs and costs of materials incurred) performed to date relative to the estimated total costs to complete the satisfaction of these services to the extent that the revenue can be measured reliably and its recovery is considered probable.

The Group’s engineering service contracts include payment schedules which require stage payments over the construction period once certain specified milestones based on surveyors’ assessment are reached.

Retention receivables, prior to expiration of maintenance period, which ranges from one to two years from the date of the practical completion of the engineering services, are classified as contract assets. The relevant amount of contract asset is reclassified to trade receivables when the maintenance period expires. The maintenance period serves as an assurance that the engineering services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the engineering services are performed representing the Group's right to consideration for the services performed and not billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. If the progress payment exceeds the revenue recognised to date under the input method, the Group recognises a contract liability for the difference.

(iii) The transaction price allocated to the remaining performance obligations of electric and maintenance engineering services contracts (unsatisfied or partially unsatisfied) as at 30 September 2023 and the expected timing of recognised revenue are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	409,993	199,161
More than one year	<u>861,966</u>	<u>459,108</u>
	<u><u>1,271,959</u></u>	<u><u>658,269</u></u>

Segment information

Information reported to the executive directors of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide discussions, major customers and geographic information are presented.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 30 September 2023

	Consolidated <i>HK\$'000</i>
Segment revenue from electric and maintenance engineering services	<u><u>671,466</u></u>
Segment results from electric and maintenance engineering services	(4,666)
Interest income	594
Rental income from investment properties	839
Change in fair value of investment properties	(4,126)
Change in fair value of financial assets at FVTPL	1,499
Corporate expenses	(10,248)
Unallocated finance cost	<u>(17)</u>
Loss before taxation	<u><u>(16,125)</u></u>

For the year ended 30 September 2022

	Consolidated <i>HK\$'000</i>
Segment revenue from electric and maintenance engineering services	<u>348,610</u>
Segment results from electric and maintenance engineering services	31,140
Interest income	84
Rental income from investment properties	1,137
Change in fair value of investment properties	(4,490)
Change in fair value of financial assets at FVTPL	(4,500)
Corporate expenses	(7,489)
Unallocated finance cost	<u>(52)</u>
Profit before taxation	<u>15,830</u>

All of the segment revenue reported above is from external customers.

The accounting policies of the operating and reportable segment is the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) earned by the segment excluding certain interest income, rental income from investment properties, change in fair value of investment properties, change in fair value of financial assets at FVTPL, corporate expenses, certain finance costs and income tax expense. This is the measure reported to the Group's management for the purpose of resource allocation and performance assessment.

No analysis of segment asset and segment liability is presented as the chief operating decision maker does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

	Electric and maintenance engineering services	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>For the year ended 30 September 2023</i>			
Interest income	554	594	1,148
Depreciation of property, plant and equipment	598	265	863
Depreciation of right-of-use assets	1,873	257	2,130
Impairment losses on trade receivables, net	62	–	62
Impairment losses on contract assets, net	186	–	186
Change in fair value of investment properties	–	4,126	4,126
Change in fair value of financial assets at FVTPL	–	1,499	1,499
Finance cost	129	17	146
	<u>129</u>	<u>17</u>	<u>146</u>

For the year ended 30 September 2022

Interest income	19	84	103
Depreciation of property, plant and equipment	592	242	834
Depreciation of right-of-use assets	1,042	635	1,677
Impairment losses on trade receivables, net	381	–	381
Impairment losses on contract assets, net	(725)	–	(725)
Change in fair value of investment properties	–	4,490	4,490
Change in fair value of financial assets at FVTPL	–	4,500	4,500
Gain on disposal of property, plant and equipment	1,444	–	1,444
Finance cost	78	52	130
	<u>78</u>	<u>52</u>	<u>130</u>

Geographical information

All of the segment revenue reported above is from Hong Kong.

The Group's, property, plant and equipment of HK\$1,638,000 (2022: HK\$1,767,000), right-of-use assets amounting to HK\$1,975,000 (2022: HK\$2,411,000) and investment properties of HK\$2,100,000 (2022: HK\$50,480,000) as at 30 September 2023 are all located in Hong Kong by geographical location of assets.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A (<i>note</i>)	N/A	71,815
Customer B	233,470	179,792
Customer C	<u>384,319</u>	<u>96,485</u>

Note: The customer attributed less than 10% of revenue in respective year. All of above customers are derived from electric and maintenance engineering services segment.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income:		
Bank interest income	1,148	103
Government grant (<i>note</i>)	786	7,150
Rental income from investment properties	839	1,137
Others	<u>16</u>	<u>10</u>
	<u>2,789</u>	<u>8,400</u>

Note: The government grant represented the government subsidies received under Employment Support Scheme and the Employment Support Scheme for the construction section (casual employees) launched by the Government of the Hong Kong Special Administrative Region.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other gains and losses:		
Change in fair value of investment properties	(4,126)	(4,490)
Change in fair value of financial assets at FVTPL	1,499	(4,500)
Gain on disposal of property, plant and equipment	-	1,444
Net exchange gain (loss)	566	(656)
Others	<u>7</u>	<u>24</u>
	<u>(2,054)</u>	<u>(8,178)</u>

5. FINANCE COST

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	<u>146</u>	<u>130</u>

6. (LOSS) PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
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(Loss) profit before taxation has been arrived at after charging (crediting):

Staff costs (*note*):

Directors' remuneration	11,279	10,228
Other staff costs	300,432	172,562
Contributions to retirement benefits schemes for other employees of the Group	1,252	1,119
Contributions to retirement benefits schemes for other short-term labour in construction site	8,695	4,646
	<u>321,658</u>	<u>188,555</u>
Auditor's remuneration	800	965
Depreciation of property, plant and equipment	863	834
Depreciation of right-of-use assets	2,130	1,677
Gross rental income from investment properties	(839)	(1,137)
Less: Direct operating expenses arising from investment properties that generated rental income	35	64
	<u>(804)</u>	<u>(1,073)</u>

Note: Staff costs of HK\$299,852,000 (2022: HK\$171,728,000) included in cost of sales and remaining HK\$21,806,000 (2022: HK\$16,827,000) included in administrative expenses.

7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current year	2,391	2,201
– Underprovision in prior years	<u>339</u>	<u>28</u>
	2,730	2,229
Deferred taxation credit for the year	<u>(41)</u>	<u>(24)</u>
	<u><u>2,689</u></u>	<u><u>2,205</u></u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax for the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit before taxation	<u>(16,125)</u>	<u>15,830</u>
Taxation at income rate of 16.5%	(2,661)	2,612
Tax effect of expenses not deductible for tax purposes	513	1,330
Tax effect of income not taxable for tax purposes	(622)	(1,499)
Tax effect of tax losses not recognised	5,285	749
Utilisation of tax losses previously not recognised	–	(850)
Underprovision in prior years	339	28
Income tax at concessionary rate	<u>(165)</u>	<u>(165)</u>
Income tax expense	<u><u>2,689</u></u>	<u><u>2,205</u></u>

8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

Earnings

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit for the purpose of calculating basic (loss) earnings and diluted (loss) earnings per share for the year attributable to owners of the Company	<u>(21,574)</u>	<u>11,591</u>

Number of shares

	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings for share	666,174	661,449
Effect of dilutive potential ordinary shares – share options	<u>–</u>	<u>349</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	<u>666,174</u>	<u>661,798</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options since their assumed exercise would result in decrease in loss per share.

10. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gross trade receivables	89,097	105,915
Less: allowance for credit losses	<u>(561)</u>	<u>(499)</u>
Total	<u>88,536</u>	<u>105,416</u>

As at 1 October 2021, the carrying amount of trade receivables is HK\$24,132,000.

The Group grants credit terms of 0 to 60 days to its customers from the date of invoices on progress payments of engineering service works. An ageing analysis of the trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	38,135	105,416
31 – 60 days	50,401	–
	<u>88,536</u>	<u>105,416</u>

As at 30 September 2022 and 30 September 2023, entire trade receivables were not past due at the reporting date.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental and other deposits	780	636
Deposits for trading products/materials purchase	3,399	2,090
Prepayments and others	825	1,546
Total	<u>5,004</u>	<u>4,272</u>
Presented as non-current assets	349	331
Presented as current assets	4,655	3,941
Total	<u>5,004</u>	<u>4,272</u>

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets		
– Engineering service contracts	90,247	69,785
Less: allowance for credit losses	(569)	(383)
	<u>89,678</u>	<u>69,402</u>
Contract liabilities		
– Engineering service contracts	19,730	13,721

As at 1 October 2021, the carrying amounts of contract assets and contract liabilities are HK\$119,523,000 and HK\$1,663,000, respectively.

The Group has rights to considerations from customers for the electric and maintenance engineering services. Contract assets arise when the Group has right to consideration for completion of electric and maintenance engineering services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

Retention monies withheld by customers of electric and maintenance engineering services are unsecured, interest-free and recoverable after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of practical completion of respective electric and maintenance engineering services. The retention money, included in contract assets and contract liabilities, is to be settled, based on the completion of maintenance period, at the end of the reporting period as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	23,266	11,500
After one year	4,049	22,587
Total	27,315	34,087

The Group classified certain of contract assets, which are expected to be recovered more than 12 months, as current because the Group expects to realise them in its normal operating cycle.

For the contract liabilities as at 1 October 2021 and 30 September 2022 and 2023, the entire balances were/ expected to be recognised as revenue within twelve months after the end of the reporting period.

The increase of contract assets as at 30 September 2023 is the result of increase in completion of certain contracts work which are not yet been certified by customers as at the end of the reporting period.

The increase of contract liabilities as at 30 September 2023 is the result of advances by customers for a new project at initial stage at the end of the reporting period.

13. TRADE PAYABLES

The credit period on purchases and subcontracting of contract work services is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	19,625	15,111
31 – 60 days	8,051	5,119
	27,676	20,230

14. OTHER PAYABLES AND ACCRUED CHARGES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accrued charges for engineering service contracts	2,648	5,226
Accrued payroll and bonus	22,923	19,999
Other accrued charges	807	659
	<u>26,378</u>	<u>25,884</u>

15. SHARE CAPITAL

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2021, 30 September 2022 and 2023	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 October 2021	656,191,000	6,562
Issue of shares upon exercise of share options (<i>note i</i>)	<u>9,510,000</u>	<u>95</u>
At 30 September 2022	665,701,000	6,657
Issue of shares upon exercise of share options (<i>note ii</i>)	<u>1,100,000</u>	<u>11</u>
At 30 September 2023	<u>666,801,000</u>	<u>6,668</u>

Notes:

- (i) During the year ended 30 September 2022, a total of 9,510,000 new ordinary shares of HK\$0.01 each were issued upon exercises of the share options of the Company. The new shares rank pari passu with the existing shares in all respects.
- (ii) During the year ended 30 September 2023, a total of 1,100,000 new ordinary shares of HK\$0.01 each were issued upon exercises of the share options of the Company. The new shares rank pari passu with the existing shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 September 2023 (“**FY2023**”), the Group focused on the electric and maintenance (E&M) engineering service business. The Group continued to engage in providing large scale E&M engineering services in major construction projects in both private and public sectors in Hong Kong. Our project portfolio has encompassed hospitals and government office complex and departmental headquarter. In coming few years, the Group will focus on three major projects, namely the completion work of Queen Mary Hospital, District Court in Causeway Bay and New Acute Hospital at Kai Tak. During FY2023, in view of the poor performance of property market in Hong Kong, the management has decided to dispose the investment property of the Group.

FINANCIAL REVIEW

Results Analysis

The Group’s revenue in FY2023 was approximately HK\$671.5 million, representing an increase of approximately HK\$322.9 million or 92.6% as compared to that in FY2022. During FY2023, the Group has substantially completed the projects in Kwong Wah Hospital and new Inland Revenue Tower. Besides, the Group engaged in two large scale engineering contracts in FY2023, namely, Queen Mary Hospital and Immigration Headquarters.

The Group’s gross profit for FY2023 decreased by approximately HK\$23.1 million which was mainly due to increase in cost from E&M engineering service business. The Group’s gross profit ratio has decreased from 13.3% in FY2022 to 3.5% in FY2023 due to increase in material, labour cost and subcontracting charges, being affected by COVID-19 pandemic.

Other income

The Group recorded other income of approximately HK\$2.8 million in FY2023, representing a decrease of approximately HK\$5.6 million as compared to that in FY2022. The decrease was mainly due to decrease in government grant received under Employment Support Scheme.

Other gains and losses

The Group recorded net other losses of approximately HK\$2.1 million in FY2023 while it recorded net other losses of approximately HK\$8.2 million in FY2022. The change was mainly due to increase in the gains of fair value on financial asset at FVTPL in FY2023.

Impairment losses on trade receivables and contract assets

The Group recognised an amount of approximately HK\$0.2 million on impairment losses on trade receivables and contract assets in FY2023. (FY2022: reversed impairment losses of approximately HK\$0.3 million).

Administrative expenses

In FY2023, administrative expenses increased by approximately HK\$8.8 million as compared to that in FY2022, which was mainly due to increase in staff costs.

Profit and total comprehensive income

The decrease in profit and total comprehensive income of approximately HK\$32.4 million was mainly arose from the net effect of a decrease in gross profit of approximately HK\$23.1 million, a decrease in other income of approximately HK\$5.6 million, a decrease in other gains and losses of approximately HK\$6.1 million, an increase in administrative expenses of approximately HK\$8.8 million and an increase in income tax expense of approximately HK\$0.5 million.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

As at 30 September 2023, the Group had bank and cash balances and short term bank deposits of approximately HK\$171 million (30 September 2022: HK\$127.7 million).

As at 30 September 2023, there was no bank borrowing (30 September 2022: Nil).

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company was inapplicable, as the Group was in a net cash position as at 30 September 2023 and 2022.

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not exposed to significant foreign currency risk arising from monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

PROSPECTS AND OUTLOOK

Associated with global trade frictions, geopolitical uncertainties, together with the global lockdown with the epidemic of COVID-19, construction projects are deeply affected in the past years. Relying on the Group's experienced technical team and good reputation in the market, the Group managed to secure engineering projects during FY2023. The confirmed project orders on hand was about HK\$1.2 billion as at 30 September 2023, and the completion dates of the projects spreading over the coming two years.

The recent increase in interest rates by the US Federal Reserve has placed a heavy burden on the property market. As a participant contractor in the property market, our Group has been affected. The Group shall continue to implement tight cost control measures in operations without compromising on quality.

HUMAN RESOURCES

As at 30 September 2023, the number of employees of the Group was 948 (FY2022: 808) which includes 84 of long-term employees (FY2022: 76) and 864 of short-term employees (FY2022: 732). The Group believes its success and long-term growth depend primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are offered to qualified employees based on individual and the Group's performance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The principal activities of the Group are provision of electrical and extra-low voltage system works in Hong Kong. The major resources deployed are purchase of material and labour which do not give rise to any material adverse influence to the environment. The Group will take appropriate measures and action as and when necessary to deal with or otherwise minimize any possible emission of hazardous materials which may arise from its business activities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the FY2023.

CORPORATE GOVERNANCE

The Company has, throughout FY2023, applied the principles and complied with the requirements of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") except for the following deviations.

Code Provision A.1.3

Code provision A.1.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, certain regular Board meetings were convened with less than 14 days' notice in order to enable the Board members to react timely and carry out expeditious decision making in respect of certain business matters which were significant to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code Provision A.2.1

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the period from 1 October 2022 to 25 April 2023, Although the Company does not officially have a position of chief executive, the executive Directors have effectively performed the role of chief executive leading the Board to work effectively. The day-to-day management of the Group's business is handled by the executive Directors. The Board believes that the arrangement is adequate to ensure an effective management and control of the Group's business operations.

The Company appointed Ms. Ko Yung Lai Jackie as an executive Director and the chief executive officer with effect from 26 April 2023, she is the sister of the Chairman and Executive Director, Mr. Ko Chun Hay Kelvin. Save as disclosed above, the chairman and the chief executive officer does not have relationships with any other directors, senior management or substantial shareholders of the Company. Since 26 April 2023, the positions of chairman and chief executive officer are held by Mr. Ko Chun Hay Kelvin and Ms. Ko Yung Lai Jackie respectively. There is a clear, separate and effective division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The Chairman is responsible for the effective and timely functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and the daily management and operations in general.

Code Provision A.1.8

Code provision A.1.8 of the CG Code requires that there should be appropriate insurance cover in respect of legal action against its directors. The Company has not made appropriate insurance cover as it is in the Director's opinion that the possibility of legal action against the Directors is remote.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transaction by Directors. The Company, having made specific enquiry, obtained written confirmations from all Directors that they have fully complied with the Model Code throughout the FY2023.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for FY2023, including the accounting principles and practices adopted by the Group.

EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2023 and up to the date of this report.

DIVIDEND

No dividend was paid or proposed for ordinary Shareholders of the Company during FY2023, nor has any dividend been proposed since the end of the reporting period.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlements of shareholders of the Company to attend and vote at the annual general meeting to be held on Thursday, 28 March 2024, the register of members of the Company will be closed from Friday, 22 March 2024 to Thursday, 28 March 2024, both days inclusive, during which period no transfer of shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, 21 March 2024.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 September 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 21 December 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.goldenfaith.hk. The annual report of the Company for the FY2023 will be dispatched to the shareholders of the Company and will be published on the same websites in due course.

By Order of the Board
Golden Faith Group Holdings Limited
Ko Chun Hay Kelvin
Chairman

Hong Kong, 21 December 2023

As at the date of this announcement, the executive Directors are Mr. Ko Chun Hay Kelvin and Ms. Ko Yung Lai Jackie; the non-executive Directors are Mr. Yung On Wah and Ms. Wong Cheuk Wai Helena; and the independent non-executive Directors are Mr. Chan Wing Fai and Mr. Yeung Wai Lung.